

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 51

DATE:

January 19, 2007

RECOMMENDATION

FILING OF FY 2006 WEMU-FM FINANCIAL STATEMENT

ACTION REQUESTED

It is recommended that the Board of Regents receive, approve and place on file the WEMU-FM Financial Report as of June 30, 2006; and the Corporation for Public Broadcasting (CPB) Annual Financial Report – Schedule of Non-Federal Financial Support.

STAFF SUMMARY

WEMU-FM, Eastern Michigan University's public radio station, is required to file an annual statement of financial operations. In addition, the CPB requires the Annual Financial Report – Schedule of Non-Federal Financial Support be submitted online in conjunction with the printed audit document. Plante and Moran PLLC prepares this form annually as part of the financial audit contract. Both forms were filed in a timely manner.

FISCAL IMPLICATIONS

None.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

Eastern Michigan University
WEMU-FM

Financial Report
with Additional Information
June 30, 2006

Eastern Michigan University WEMU-FM

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Independent Auditors' Report

To the Board of Regents
Eastern Michigan University
WEMU-FM

We have audited the accompanying basic financial statements of Eastern Michigan University WEMU-FM (the "Station") as of and for the years ended June 30, 2006 and 2005 as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2006 and 2005 and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis presented on pages 2 through 7 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

November 21, 2006

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis

This section of Eastern Michigan University WEMU-FM's (the "Station" or WEMU) annual financial report presents management's discussion and analysis of the financial performance of the Station during the fiscal years ended June 30, 2006 and 2005. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion and analysis are the responsibility of the Station's management.

Using the Annual Financial Report

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

The financial statements prescribed by GASB Statement No. 35 (statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net assets includes all assets and liabilities. Over time, increases or decreases in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion of the Station's financial health when considered with nonfinancial facts such as the condition of facilities.

The statement of revenues, expenses, and changes in net assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public radio station's dependency upon gifts could result in operating deficits because the financial reporting model classifies gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities, and helps measure the ability to meet financial obligations as they mature.

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis (Continued)

Noteworthy Financial Activity

Significant components of the Station's financial condition include the following:

- The Station's total assets as of June 30, 2006 decreased versus the prior year by over \$49,000 primarily due to less contributions. Over \$291,000 is invested in capital assets as of June 30, 2006. As of June 30, 2005, total assets decreased versus the prior year by over \$73,000 primarily due to depreciation expense exceeding new capital acquisitions.
- In 2006, operating revenues decreased by over \$84,000 primarily due to the nonrenewal of a \$75,000 high-definition seed grant from the Corporation for Public Broadcasting from the prior year. In 2005, operating revenues decreased by over \$34,000 primarily due to a decrease in grants from the Corporation for Public Broadcasting.
- In 2006, nonoperating revenues decreased by over \$49,000 primarily due to decreased contributions, and administrative support. In 2005, nonoperating revenues increased by over \$60,000 due to increased support from Eastern Michigan University.
- In 2006, operating expenses decreased by approximately \$144,000 primarily due to planned decreases in broadcasting and fund-raising expenses. In 2005, operating expenses increased by approximately \$151,000 primarily due to planned increases in programming and production expenses.

Condensed Statement of Net Assets

(in thousands)

	June 30		
	2006	2005	2004
Assets			
Current assets	\$ 238	\$ 271	\$ 292
Noncurrent assets	291	308	360
Total assets	<u>\$ 529</u>	<u>\$ 579</u>	<u>\$ 652</u>
Liabilities - Noncurrent liabilities	\$ 198	\$ 176	\$ 167
Net Assets			
Invested in capital assets - Net of related debt	292	309	360
Restricted expendable	27	70	28
Unrestricted - Designated	12	24	97
Total net assets	<u>331</u>	<u>403</u>	<u>485</u>
Total liabilities and net assets	<u>\$ 529</u>	<u>\$ 579</u>	<u>\$ 652</u>

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets (in thousands)

	Year Ended June 30		
	2006	2005	2004
Operating Revenues			
Donated personal services of volunteers	\$ 4	\$ 4	\$ 3
Grants from Corporation for Public Broadcasting	150	234	270
Total operating revenues	154	238	273
Operating Expenses			
Program services:			
Programming and production	1,078	1,128	1,042
Broadcasting	252	238	236
Program information	120	162	126
Support services:			
Fund-raising	110	157	122
Management	325	343	352
Total operating expenses	1,885	2,028	1,878
Operating loss	(1,731)	(1,790)	(1,605)
Nonoperating Revenues			
General appropriations from the University	600	601	585
Administrative support from the University	501	511	458
Contributions	558	596	605
Net nonoperating revenues	1,659	1,708	1,648
Excess of Support and Expenses Over (Under) Revenue	(72)	(82)	43
Net Assets - Beginning of year	403	485	442
Net Assets - End of year	<u>\$ 331</u>	<u>\$ 403</u>	<u>\$ 485</u>

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis (Continued)

Condensed Statement of Cash Flows (in thousands)

	Year Ended June 30		
	2006	2005	2004
Cash provided by (used in):			
Operating activities	\$ (1,687)	\$ (1,739)	\$ (1,548)
Noncapital financing activities	1,659	1,709	1,648
Capital and related financing activities	(27)	-	(148)
Net decrease in cash	(55)	(30)	(48)
Cash and Cash Equivalents - Beginning of year	95	125	173
Cash and Cash Equivalents - End of year	<u>\$ 40</u>	<u>\$ 95</u>	<u>\$ 125</u>

Looking Ahead

In 2006, WEMU accomplished some of its stated goals and postponed others in reaction to changing circumstances. Among the list of accomplishments was the completed installation of the Station's emergency electrical back-up system. The generator installed outside of the north end of the west wing of King Hall is supplied with natural gas to enable its nearly unlimited performance. Sound treatment material was purchased and installed, replacing the deteriorating sound absorbing foam in studio and control room areas. The major task of painting the Clark Road broadcast tower and retensioning the guide wires was completed in late summer of 2005. This effort replaced damaged wire insulators, as well as ensuring the tower's position and stability.

Delays were experienced in providing a second audio service on WEMU's 89.1 frequency as equipment manufacturers were late in producing some essential components for their multicast systems. Those parts were made available in late summer of 2006. WEMU's new target for initiating a second service is fiscal year 2007. However, the rush to provide a multicast service has been slowed somewhat by the lack of receiver availability. One manufacturer (Boston Acoustics) was the only equipment supplier that offered a tabletop radio capable of receiving multicast signals. In early fiscal year 2007, Polk Audio began introducing its HD radio receiver product, while Radiosophy is expected to provide its tuner later this fiscal year. Further, as with any new technology, the first consumer versions are more expensive than later versions will be. Currently, HD radios range from \$279 to \$599 each depending on type and brand. Price and availability have been limiting factors in the acceptance of this new radio technology.

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis (Continued)

There was concern that consolidation in the cellular telephone industry would result in the loss of tower rental clients. Partnerships of Cingular and AT&T and Nextel and Sprint threatened to reduce the earning power of the WEMU tower. In 2006, no tower rental client abandoned the WEMU tower or cancelled its lease. However, T-Mobile and the University did agree to modify the existing lease to guarantee EMU income in exchange for a somewhat lower rental rate.

WEMU had intended to replace its Pierce Hall back-up transmitter in fiscal year 2006. The current transmitter is old, with few replacement parts available. It also lacks the reliability to operate for an extended time. However, the purchase of a replacement instrument was placed on hold while other station priorities were considered, including studio renovation, computer and file server enhancement, and facility refurbishing.

The anticipated effect of increased competition, shifts in listenership, and the challenge of growing funding sources were realized in 2006 and continue into fiscal year 2007.

WEMU had hoped to increase its fund-raising and particularly its underwriting income in fiscal year 2006. However, a reduction in personnel in the department's marketing and development area negatively affected the Station's ability to provide the level and type of customer service that would result in increased underwriting and individual contributions.

Beyond the restrictions of personnel, the landscape of public radio changed in number and content during 2006. WRCJ, owned by the Detroit Board of Education and operated by public television Channel 56, began in August 2005 providing a daytime classical music service and evening jazz service. WRCJ's signal covers the WEMU listening area in the same manner as WDET at Wayne State University and WUOM at the University of Michigan. This new competition grew rapidly, being able to serve unmet needs of audiences outside of WEMU's coverage area. In doing so, WRCJ became the third evening jazz service in southeastern Michigan, joining WDET's Ed Love and WEMU's Michael G. Nastos in competition for listeners.

In December 2005, WDET dropped its daytime eclectic music program and began a daytime news/talk service. Some of the weekday and weekend changes directly duplicated programs offered by WEMU and WUOM. With the smaller coverage area, WEMU was once again at a disadvantage.

The shift in marketplace competition resulted in a loss in listenership for WEMU. This loss, combined with WEMU fund-raising personnel shortage, resulted in a decrease of donor income (business and personal).

The outlook for fiscal year 2007 is dominated by challenges of listenership and funding. The marketplace of listening alternatives (iPod, internet radio, satellite radio, et. al.) combined with increased radio station competition are cause for reevaluation of WEMU's public and program service, which will be a primary focus in 2007.

Eastern Michigan University WEMU-FM

Management's Discussion and Analysis (Continued)

Funding for WEMU is a challenge beyond donations from listeners. In fiscal year 2007, the Station's federal grant, Community Service Grant (CSG) from the Corporation for Public Broadcasting (CPB) is dropping by over \$18,000 as a result of a smaller funding pool and an increase in grant recipients. In addition, funding from the University is reduced by over \$16,000. However, the division of marketing and communications is aiding WEMU by assuming responsibility for over \$10,000 of this reduction, leaving WEMU with a net cut of \$6,000. This reduction represents the fourth consecutive year of University budget reductions. The total amount lost during this time exceeds \$100,000.

WEMU has already begun to address this shortfall with renewed underwriting efforts to gain added support from area businesses. Further, the Station added an on-air fund-raising drive which attracted over \$52,000. This added income will offset this year's reductions. However, whether these are added funds or a shift in funding from fall to summer will be determined by the end of the calendar year.

In summary, WEMU's main focus in 2007 will be reevaluating its service through programming and improving its financial condition and position.

Eastern Michigan University WEMU-FM

Statement of Net Assets

	June 30	
	2006	2005
Assets		
Current Assets		
Cash	\$ 39,402	\$ 94,542
Accounts receivable from the University	198,395	176,080
Total current assets	237,797	270,622
Noncurrent Assets - Property and equipment (Note 3)	291,556	308,506
Total assets	<u>\$ 529,353</u>	<u>\$ 579,128</u>
Liabilities and Net Assets		
Noncurrent Liabilities - Compensated absences	\$ 198,395	\$ 176,080
Net Assets		
Invested in capital assets - Net of related debt	291,556	308,506
Restricted - Expendable	27,499	70,221
Unrestricted	11,903	24,321
Total net assets	330,958	403,048
Total liabilities and net assets	<u>\$ 529,353</u>	<u>\$ 579,128</u>

Eastern Michigan University WEMU-FM

Statement of Revenues, Expenses, and Changes in Net Assets

	Year Ended June 30	
	2006	2005
Operating Revenues		
Donated personal services of volunteers	\$ 4,020	\$ 4,336
Grants from Corporation for Public Broadcasting	149,345	233,799
Total operating revenues	153,365	238,135
Operating Expenses		
Program services:		
Programming and production	1,077,639	1,127,952
Broadcasting	251,788	238,383
Program information	119,675	161,704
Support services:		
Fund-raising	110,629	157,397
Management	324,913	342,766
Total operating expenses	1,884,644	2,028,202
Operating Loss	(1,731,279)	(1,790,067)
Nonoperating Revenues		
General appropriations from the University	599,912	600,807
Administrative support from the University	501,026	511,625
Contributions	558,251	596,024
Net nonoperating revenues	1,659,189	1,708,456
Excess of Support and Expenses Over Revenue	(72,090)	(81,611)
Net Assets - Beginning of year	403,048	484,659
Net Assets - End of year	<u>\$ 330,958</u>	<u>\$ 403,048</u>

Eastern Michigan University WEMU-FM

Statement of Cash Flows

	Year Ended June 30	
	2006	2005
Cash Flows from Operating Activities		
Cash received from Corporation for Public Broadcasting	\$ 149,345	\$ 233,799
Cash paid for programming services	(1,443,057)	(1,486,250)
Cash paid for management and fund-raising	(393,475)	(486,485)
Net cash used in operating activities	(1,687,187)	(1,738,936)
Cash Flows from Noncapital Financing Activities		
Cash received from University appropriations	599,912	600,807
Cash received from administrative support	501,026	511,625
Contributions received	558,251	596,024
Net cash provided by noncapital financing activities	1,659,189	1,708,456
Cash Flows from Capital and Related Financing Activities - Purchases of capital assets	(27,142)	-
Net Decrease in Cash	(55,140)	(30,480)
Cash - Beginning of year	94,542	125,022
Cash - End of year	<u>\$ 39,402</u>	<u>\$ 94,542</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,731,279)	\$ (1,790,067)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	44,092	51,131
Change in assets and liabilities:		
Accounts receivable - Net	(22,315)	(8,691)
Accrued compensated absences	22,315	8,691
Total change in assets and liabilities	-	-
Net cash used in operating activities	<u>\$ (1,687,187)</u>	<u>\$ (1,738,936)</u>

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2006 and 2005

Note 1 - Organization

Eastern Michigan University WEMU-FM (the "Station" or WEMU-FM) is a public telecommunications radio station licensed to Eastern Michigan University (the "University"). WEMU-FM serves the Washtenaw County radio market, with a mission to participate in the educational and public service purposes of the University by providing programming which addresses the needs and the interests of the Station's coverage area.

WEMU-FM is owned and operated by the University and does not have separate legal status or existence. The financial position, support, revenues, and expenditures of WEMU-FM are included in the University's financial statements.

Note 2 - Basis of Presentation and Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the university as a whole, with resources classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions.

The three net asset categories are as follows:

- **Invested in Capital Assets - Net of Related Debt** - Net assets invested in capital assets - net of related debt are capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted - Expendable** - Restricted net assets - expendable are net assets whose whole use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted** - Unrestricted net assets are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of regents or may otherwise be limited by contractual agreements with outside parties. (Substantially all unrestricted net assets are designated for capital projects and other initiatives.)

Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment are recorded at cost, or if acquired by gift, at the fair value as of the date of donation. Depreciation is computed on the straight-line method over the estimated service lives (5 to 15 years) of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

General Appropriations from the University - General appropriations from the University consist of certain payroll and other direct expenses paid by the University on behalf of WEMU-FM. Because the University pays for WEMU-FM's compensated absences, a receivable from the University has been established in the statement of net assets in the amount of accrued compensated absences.

Indirect Administrative Support - A portion of the University's general overhead costs relates to and benefits WEMU-FM. Such items include administration, utilities, maintenance, repairs, and other institutional support expenditures of the University. These services were provided without cost and have been allocated to WEMU-FM. The fair value of these services is reported as revenue (administrative support from the University) and expenditures in the accompanying statement of revenues, expenses, and changes in net assets.

Contributions and Grants - Unrestricted gifts and grants are recognized as revenue when received.

WEMU-FM receives an annual community service grant from the Corporation for Public Broadcasting. These funds may be used at the discretion of WEMU-FM and are reported as unrestricted grant revenue in the accompanying financial statements.

Allocation of Expenditures - Expenditures are reported by their functional classification. Accordingly, certain expenditures for facility operations, institutional support, interest, and depreciation have been allocated to functional classifications based on the time devoted to these activities.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sources and application of net assets during the reporting period. Actual results could differ from those estimates.

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2006 and 2005

Note 3 - Property and Equipment

Property and equipment at June 30, 2006 and 2005 consist of the following:

	<u>2005</u>	<u>Additions</u>	<u>Retirement</u>	<u>2006</u>
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Transmitter and tower	306,121	-	-	306,121
Studio and technical equipment	130,545	27,142	-	157,687
Furniture, fixtures, and equipment	<u>258,710</u>	<u>-</u>	<u>-</u>	<u>258,710</u>
Subtotal	795,376	27,142	-	822,518
Less accumulated depreciation	<u>(486,870)</u>	<u>(44,092)</u>	<u>-</u>	<u>(530,962)</u>
Total property and equipment	<u>\$ 308,506</u>	<u>\$ (16,950)</u>	<u>\$ -</u>	<u>\$ 291,556</u>

	<u>2004</u>	<u>Additions</u>	<u>Retirement</u>	<u>2005</u>
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Transmitter and tower	306,121	-	-	306,121
Studio and technical equipment	130,545	-	-	130,545
Furniture, fixtures, and equipment	<u>258,710</u>	<u>-</u>	<u>-</u>	<u>258,710</u>
Subtotal	795,376	-	-	795,376
Less accumulated depreciation	<u>(435,739)</u>	<u>(51,131)</u>	<u>-</u>	<u>(486,870)</u>
Total property and equipment	<u>\$ 359,637</u>	<u>\$ (51,131)</u>	<u>\$ -</u>	<u>\$ 308,506</u>

Note 4 - Retirement Benefits

The University has a Teachers Insurance and Annuities Association - College Retirement Equities Fund ("TIAA-CREF") defined contribution retirement plan, which covers certain employees of WEMU-FM. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. For the years ended June 30, 2006, 2005, and 2004, WEMU-FM contributed approximately \$36,000, \$36,000, and \$31,000, respectively, to the TIAA-CREF plan. The University has no liability beyond its own contributions under the TIAA-CREF plan.

Eastern Michigan University WEMU-FM

Notes to Financial Statements June 30, 2006 and 2005

Note 4 - Retirement Benefits (Continued)

The University also participates in the Michigan Public School Employees' Retirement System ("MPSERS"), a cost-sharing, multiemployer noncontributory defined benefit retirement plan, which covers certain employees of WEMU-FM. The cost of the MPSERS plan allocated to WEMU-FM, all of which was contributed, totaled approximately \$45,000, \$43,000, and \$72,000 for the years ended June 30, 2006, 2005, and 2004, respectively. The costs of the MPSERS plan include contributions based on member payroll to fund normal pension costs, contributions to fund a portion of the plan's unfunded actuarial accrued liability, and contributions for retiree health insurance, at a fixed dollar amount determined annually by MPSERS.

Additional Information

To the Board of Regents
Eastern Michigan University
WEMU-FM

Our report on the financial statements of Eastern Michigan University WEMU-FM as of June 30, 2006 and 2005 and for the years then ended appears on page I of this document. These audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules accompanying the financial statements are not necessary for a fair presentation of the statement of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows, in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules are presented only for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

November 21, 2006

Eastern Michigan University WEMU-FM

Schedule of Net Assets by Fund

	Operating Funds		Operating Funds			
	Unrestricted	Property Fund	2006 Total	Unrestricted	Property Fund	2005 Total
Assets						
Current Assets						
Cash	\$ 39,402	\$ -	\$ 39,402	\$ 94,542	\$ -	\$ 94,542
Accounts receivable from the University	198,395	-	198,395	176,080	-	176,080
Total current assets	237,797	-	237,797	270,622	-	270,622
Noncurrent Assets - Property and equipment	-	291,556	291,556	-	308,506	308,506
Total assets	<u>\$ 237,797</u>	<u>\$ 291,556</u>	<u>\$ 529,353</u>	<u>\$ 270,622</u>	<u>\$ 308,506</u>	<u>\$ 579,128</u>
Liabilities and Net Assets						
Liabilities - Compensated absences	\$ 198,395	\$ -	\$ 198,395	\$ 176,080	\$ -	\$ 176,080
Net Assets						
Invested in capital assets - Net of related debt	-	291,556	291,556	-	308,506	308,506
Restricted - Expendable	27,499	-	27,499	70,221	-	70,221
Unrestricted	11,903	-	11,903	24,321	-	24,321
Total net assets	39,402	291,556	330,958	94,542	308,506	403,048
Total liabilities and net assets	<u>\$ 237,797</u>	<u>\$ 291,556</u>	<u>\$ 529,353</u>	<u>\$ 270,622</u>	<u>\$ 308,506</u>	<u>\$ 579,128</u>

Eastern Michigan University WEMU-FM

Schedule of Revenues, Expenses, and Changes in Net Assets by Fund

	Operating Funds		2006 Total	Operating Funds		2005 Total
	Unrestricted	Property Fund		Unrestricted	Property Fund	
Operating Revenues						
Donated personal services of volunteers	\$ 4,020	\$ -	\$ 4,020	\$ 4,336	\$ -	\$ 4,336
Grants from Corporation for Public Broadcasting	149,345	-	149,345	233,799	-	233,799
Total operating revenues	153,365	-	153,365	238,135	-	238,135
Operating Expenses						
Program services:						
Programming and production	1,052,428	25,212	1,077,639	1,099,516	28,436	1,127,952
Broadcasting	245,898	5,891	251,788	232,373	6,010	238,383
Program information	116,875	2,800	119,675	157,628	4,076	161,704
Support services:						
Fund-raising	108,040	2,588	110,629	153,429	3,968	157,397
Management	317,311	7,601	324,913	334,125	8,641	342,766
Total operating expenses	1,840,552	44,092	1,884,644	1,977,071	51,131	2,028,202
Operating Loss	(1,687,187)	(44,092)	(1,731,279)	(1,738,936)	(51,131)	(1,790,067)
Nonoperating Revenues (Expenses)						
General appropriations from the University	599,912	-	599,912	600,807	-	600,807
Administrative support from the University	501,026	-	501,026	511,625	-	511,625
Contributions	558,251	-	558,251	596,024	-	596,024
Transfers - (Deductions) Additions -						
Capital additions	(27,142)	27,142	-	-	-	-
Net nonoperating revenues	1,632,047	27,142	1,659,189	1,708,456	-	1,708,456
Excess of Expenses Over Support and Revenue	(55,140)	(16,950)	(72,090)	(30,480)	(51,131)	(81,611)
Net Assets - Beginning of year	94,542	308,506	403,048	125,022	359,637	484,659
Net Assets - End of year	\$ 39,402	\$ 291,556	\$ 330,958	\$ 94,542	\$ 308,506	\$ 403,048

Schedule A
WEMU-FM (1456)
Ypsilanti, MI

Is Excluded?

If you have an NFFS Exclusion, please click the "NFFS X" button, and enter your NFFS data.



Source of Income

	2005 data	2006 data
1. Amounts provided directly by federal government agencies	\$0	\$0
A. PTFP (NTIA) Facilities Grants	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities (e.g. CPB, PBS, NPR, etc., including other stations and regional networks. See Guidelines for complete list.)	\$233,799	\$149,345
A. CPB - Community Service Grants (for radio enter unrestricted portion only)	\$139,881	\$194,345
B. CPB - Digital Project Grants	\$0	\$0
C. CPB - Restricted portion of Radio Community Service Grants	\$48,918	\$0
D. CPB - TV Interconnection grants	\$0	\$0
E. CPB - all other funds	\$45,000	\$-45,000
F. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$0
G. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
H. Public broadcasting stations - all payments	\$0	\$0
I. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$0	\$0
5. State colleges and universities	\$600,807	\$599,912
6. Other state-supported colleges and universities	\$0	\$0
7. Private colleges and universities	\$0	\$0
8. Foundations and nonprofit associations	\$1,467	\$1,467
8a. How much of this revenue was received as underwriting?	\$0	\$0
9. Business and Industry	\$129,594	\$112,530
9a. How much of this	2005 data	2006 data

revenue was received as underwriting? \$48,263 \$42,885

Exclusion Description	Amount
Rentals of studio space, equipment, tower, parking space	\$62,320

10. Memberships and subscriptions (net of write-offs)	\$439,617	\$444,254
-------------------------------------------------------	-----------	-----------

	2005 data	2006 data
10a. Total number of contributors.	3,349	3,245

11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
----------------------------------------------------------------------	-----	-----

	2005 data	2006 data
11a. Total number of Friends contributors.	0	0

12. Revenue from subsidiary enterprises and related organizations (See instructions)	\$0	\$0
--------------------------------------------------------------------------------------	-----	-----

Form of Revenue

	2005 data	2006 data
13. Auction revenue	\$0	\$0

A. Gross auction revenue	\$0	\$0
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B. Direct auction expenses	\$0	\$0
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14. Special fundraising activities	\$25,345	\$0
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A. Gross special fundraising revenues	\$0	\$0
---------------------------------------	-----	-----

B. Direct special fundraising expenses	\$0	\$0
----------------------------------------	-----	-----

15. Passive income	\$0	\$0
--------------------	-----	-----

A. Interest and dividends (other than on endowment funds)	\$0	\$0
-----------------------------------------------------------	-----	-----

B. Royalties	\$0	\$0
--------------	-----	-----

C. PBS or NPR pass-through copyright royalties	\$0	\$0
------------------------------------------------	-----	-----

16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	\$0
---------------------------------------------------------------------------------------------------------------------------------	-----	-----

A. Gains from sales of property and equipment - do not report losses	\$0	\$0
----------------------------------------------------------------------	-----	-----

B. Realized gains/losses on investments (other than endowment funds)	\$0	\$0
----------------------------------------------------------------------	-----	-----

C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
-------------------------------------------------------------------------------------------------------------------------------------------	-----	-----

17. Endowment revenue	\$0	\$0
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A. Contributions to endowment principal	\$0	\$0
-----------------------------------------	-----	-----

B. Interest and dividends on endowment funds	\$0	\$0
----------------------------------------------	-----	-----

C. Realized and unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen - e.g. "-1,765")	\$0	\$0
--------------------------------------------------------------------------------------------------------------------------------------------	-----	-----

18. Capital fund contributions		
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		\$0	\$0
A. Facilities and equipment (except funds received from federal or public broadcasting sources)		\$0	\$0
B. Other		\$0	\$0
19. Gifts and bequests from major individual donors		\$0	\$0
	2005 data 2006 data		
19a. Total number of major individual donors	0 0		
20. Other Direct Revenue		\$0	\$0
21. Total Revenue (Sum of lines 1 through 12, 13a, 14a, and 15 through 20).		\$1,430,629	\$1,307,508

Adjustments to Revenue

	2005 data	2006 data
22. Federal revenue from line 1.	\$0	\$0
23. Public broadcasting revenue from line 2.	\$233,799	\$149,345
24. Capital funds exclusion (from line 18a) - TV only	\$0	\$0
25. Other revenue on line 21 not meeting the source, form, purpose, or recipient criteria. If this is a negative amount, add a hyphen (e.g. "-1,765")	\$60,120	\$62,320
26. Other automatic subtractions from total revenue	\$0	\$0
A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$0
C. Gains from sales of property and equipment – line 16a	\$0	\$0
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$0
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c	\$0	\$0
27. Total Direct Nonfederal Financial Support (Line 21 less Lines 22 through 26). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$1,136,710	\$1,095,843

Comments

Comment	Name	Date	Status
Schedule B WorkSheet			
WEMU-FM (1456)			
Ypsilanti, MI			

	2005	2006
1. Determine Station net direct expenses		
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	\$2,028,202	\$1,884,644
Deductions (lines 1b.1. through 1b.7.):		
1b.1. Capital outlays (from Schedule E, line 9 total)	\$0	\$0
1b.2. Depreciation	\$51,131	\$44,092
1b.3. Amortization	\$0	\$0

1b.4. In-kind contributions (services and other assets)	\$0	\$0
1b.5. Indirect administrative support (see Guidelines for instructions)	\$511,141	\$501,026
1b.6. Donated property and equipment (if not included on line 1b.1)	\$0	\$0
1b.7. Other	\$0	\$21,564
Description	Amount	
Compensated absences, transmitter costs, donated services etc	\$21,564	
1b.8. Total deductions	\$562,272	\$566,682
1c. Station net direct expenses	\$1,465,930	\$1,317,646
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)		
2a. Net direct expense method		
2a.1. Station net direct Expenses (forwards from line 1)	\$1,465,930	\$1,317,646
2a.2. Licensee net direct activities	\$94,621,968	\$100,467,445
2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	%1.549249	%1.311515
2b. Salaries and wages method		
2b.1. Station salaries and wages	\$0	\$0
2b.2. Licensee salaries and wages for direct activities	\$0	\$0
2b.3. Percentage of allocation (2b.1 divided by 2b.2) (forward to line 2c.5 below)	%0	%0
2c. Institutional support calculation		
2c.1. Choose applicable cost groups that benefit the station		
<input type="checkbox"/> Budget and Analysis		
<input type="checkbox"/> Campus Mail Service		
<input type="checkbox"/> Computer Operations		
<input type="checkbox"/> Financial Operations		
<input type="checkbox"/> Human Resources		
<input type="checkbox"/> Insurance		
<input type="checkbox"/> Internal Audit		
<input type="checkbox"/> Legal		
<input type="checkbox"/> Payroll		
<input type="checkbox"/> President's Office		
<input type="checkbox"/> Purchasing		
<input type="checkbox"/> Other		
<input type="checkbox"/> Not Applicable		
2c.2. Costs per licensee financial statements	\$27,710,085	\$29,948,715
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$2,819,484	\$2,411,143
2c.4. Costs benefiting station operations	\$24,890,601	\$27,537,572
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	%1.549249	%1.311515

2c.6. Total institutional costs benefiting station operations	\$385,617	\$361,159
3. Physical plant support rate calculation		
3a. Net square footage occupied by station	9,435	9,435
3b. Licensee's net assignable square footage	1,155,992	1,155,992
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	%0.816182	%0.816182
3d.1. Choose applicable cost groups that benefit the station		
<input type="checkbox"/> Building Maintenance		
<input type="checkbox"/> Custodial Services		
<input type="checkbox"/> Director of Operations		
<input type="checkbox"/> Elevator Maintenance		
<input type="checkbox"/> Grounds and Landscaping		
<input type="checkbox"/> Motor Pool		
<input type="checkbox"/> Refuse Disposal		
<input type="checkbox"/> Roof Maintenance		
<input type="checkbox"/> Utilities		
<input type="checkbox"/> Security Services		
<input type="checkbox"/> Facilities Planning		
<input type="checkbox"/> Other		
<input type="checkbox"/> Not Applicable		
3d.2. Costs per licensee financial statements	\$15,437,358	\$17,038,298
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$57,932	\$0
3d.4. Costs benefiting station operations	\$15,379,426	\$17,038,298
3d.5. Percentage of allocation (from line 3c.)	%0.816182	%0.816182
3d.6. Total physical plant support costs benefiting station operations	\$125,524	\$139,063
4. Total costs benefiting station operations (forwards to line 1 on tab 3)	\$0	\$500,222

Comments

Comment	Name	Date	Status
Occupancy List WEMU-FM (1456) Ypsilanti, MI			

Type of Occupancy	Location	Value
Building		485

Annual Value Computations for buildings and tower facilities

Questions Value

1. Record building at original cost or at fair market value at the time the station took possession (use fair value only if original cost is unknown)	\$ 8086502
2. Total original cost of major improvements	\$ 0
3. Subtract federal and CPB funds used in	

construction or improvements \$ 0

4. Total non federal value of building/improvements \$ 8086502

5. Enter year constructed or acquired year 1948

6. Estimated useful life of building/improvements from date of acquisition or construction years 60

7. Remaining useful life of building (includes current reporting year) - if remaining useful life is zero, do not continue this computation years 2

8. Annual value (line 4 divided by line 6) \$ 134775

9. Station's prorata use of building % 0.36

10. Annual prorated value (product of lines 8 and 9) \$ 485.19

11. Payments made to building as a part of the lease or rental agreement \$ 0

12. Payments recieved from others as a part of a sublease or rental agreement \$ 0

13. Annual value for NFFS purposes (line 10 less lines 11 and 12) \$ 485.19

Schedule B Totals
WEMU-FM (1456)
Ypsilanti, MI

	2005 data	2006 data
1. Total support activity benefiting station	\$511,141	\$500,222
2. Occupancy value	485	\$485
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$0
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	\$0	\$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$511,626	\$500,707
6. Please enter an institutional type code for your licensee.		SU

Comments

Comment	Name	Date	Status
Schedule C			
WEMU-FM (1456)			
Ypsilanti, MI			

	2005 data	Donor Code	2006 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$4,336		\$4,020
A. Legal	\$0		\$0
B. Accounting and/or auditing	\$0		\$0
C. Engineering	\$0		\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$4,336	SU	\$4,020
Description	Amount		
Programming	\$4,020		
	\$0		\$0

2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)

A. Annual rental value of space (studios, offices, or tower facilities)	\$0	\$0
B. Annual value of land used for locating a station-owned transmission tower	\$0	\$0
C. Station operating expenses	\$0	\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0

3. OTHER SERVICES (must be eligible as NFFS)

A. ITV or educational radio	\$0	\$0
B. State public broadcasting agencies (APBC, FL-DOE, NYN, eTech Ohio, PPTN)	\$0	\$0
C. Local advertising	\$0	\$0
D. National advertising	\$0	\$0

4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support

5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS

A. Compact discs, records, tapes and cassettes	\$0	\$0
B. Exchange transactions	\$0	\$0
C. Federal or public broadcasting sources	\$0	\$0
D. Fundraising related activities	\$0	\$0
E. ITV or educational radio outside the allowable scope of approved activities	\$0	\$0
F. Local productions	\$0	\$0
G. Program supplements	\$0	\$0
H. Programs that are nationally distributed	\$0	\$0
I. Promotional items	\$0	\$0
J. Regional organization allocations of program services	\$0	\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$0	\$0
L. Services that would not need to be purchased if not donated	\$0	\$0
M. Other	\$0	\$0

6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.

Comments

Comment Name Date Status

Schedule D
WEMU-FM (1456)
Ypsilanti, MI

2005
data

Donor
Code

2006 data

1. Land (must be eligible as NFFS)

\$0

\$0

2. Building (must be eligible as NFFS)

\$0

\$0

3. Equipment (must be eligible as NFFS)	\$0	\$0
Vehicle(s) (must be eligible as NFFS)	\$0	\$0
Other (specify) (must be eligible as NFFS)	\$0	\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$0	\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0	\$0
a) Exchange transactions	\$0	\$0
b) Federal or public broadcasting sources	\$0	\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$0	\$0
d) Other (specify)	\$0	\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$0	\$0

Comments

Comment	Name	Date	Status
Schedule E WEMU-FM (1456) Ypsilanti, MI			

EXPENSES

(operating and non-operating)

PROGRAM
SERVICES

	2005 data	2006 data
1. Programming and production	\$1,127,952	\$1,077,639
2. Broadcasting and engineering	\$238,383	\$251,788
3. Program information and promotion	\$161,704	\$119,675

SUPPORT
SERVICES

	2005 data	2006 data
4. Management and general	\$342,766	\$324,913
5. Fund raising and membership development	\$157,397	\$110,629
6. Underwriting and grant solicitation	\$0	\$0
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$2,028,202	\$1,884,644

INVESTMENT IN CAPITAL ASSETS

Cost of capital assets purchased or donated

	2005 data	2006 data
9. Total capital assets purchased or donated	\$0	\$0
9a. Land and buildings	\$0	\$0
9b. Equipment	\$0	\$0
9c. All other		

	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$2,028,202	\$1,884,644

Additional Information

(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)

	2005 data	2006 data
11. Total expenses (direct only)	\$2,028,202	\$1,384,418
12. Total expenses (indirect and in-kind)	\$0	\$500,226
13. Investment in capital assets (direct only)	\$0	\$0
14. Investment in capital assets (indirect and in-kind)	\$0	\$0

Comments

Comment	Name	Date	Status
Schedule F WEMU-FM (1456) Ypsilanti, MI			

2006 data**1. Data from AFR**

a. Schedule A, Line 21	\$1,307,508
b. Schedule B, Line 5	\$500,707
c. Schedule C, Line 6	\$4,020
d. Schedule D, Line 8	\$0
e. Total from AFR	\$1,812,235

Choose Reporting Model

You must choose one of the three reporting models in order to complete Schedule F. After making your selection, click the "Choose" button below, which will display your reporting model. When changing to a different reporting model all data entered in the current reporting model will be lost.

- ☒ FASB
 ☐ GASB Model A proprietary enterprise-fund financial statements with business-type activities only
 ☐ GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities

fy06 change in in-kind professional services

Comments			
Comment	Name	Date	Status